

AUTHORIZING BULLY CREEK EXTENSION, VALE
RECLAMATION PROJECT, OREGON

AUGUST 4, 1959.—Ordered to be printed

Mr. NEUBERGER, from the Committee on Interior and Insular Affairs,
submitted the following

R E P O R T

[To accompany H.R. 968]

The Committee on Interior and Insular Affairs, to whom was referred the bill (H.R. 968) to provide for the construction by the Secretary of the Interior of the Bully Creek Dam and other facilities, Vale Federal reclamation project, Oregon, having considered the same report favorably thereon without amendment and recommend that the bill do pass.

SENATE COMPANION BILLS

Companion bills to H.R. 968 (S. 528 and S. 639) were sponsored by Senators Neuberger and Morse.

DESCRIPTION OF BULLY CREEK (VALE PROJECT) EXTENSION

The proposed Bully Creek extension, Vale project, Oregon, is a relatively small multiple-purpose development consisting of a 32,000-acre-foot reservoir on Bully Creek, a short feeder canal, and other incidental features which would provide supplemental water to 2,990 acres of land scattered throughout the existing Vale project.

The Vale project consists of 32,000 acres of water right lands which now receive an adequate irrigation water supply. There are approximately 2,990 additional irrigable acres within the boundaries of the Vale, Oreg., Irrigation District which are irrigated intermittently as water supply is available. The proposed Bully Creek extension would firm up the supply for these 2,990 acres as well as provide for much needed better regulation of the existing water supply for the Vale project.

Bully Creek Reservoir, when operated in conjunction with the existing Agency Valley and Warm Springs Reservoirs and with the authorized channel improvements of the Corps of Engineers would

provide effective control of damaging floods which cause significant economic losses in the area. Fish and wildlife and recreation are other functions which would benefit also from construction of the proposed development.

It is estimated that the cost of the Bully Creek Extension based on July 1957 prices, which are essentially the same as those of January 1959, is \$3,326,000. This is allocated to irrigation, flood control, fish and wildlife, and recreation in the respective amounts of \$1,700,000, \$1,497,000, \$69,000, and \$60,000. The recreation allocation is the specific cost of facilities for this particular function.

The Vale, Oreg., Irrigation District would enter into an amendatory repayment contract to repay the irrigation allocation. The irrigators have considerable interest in the proposed development and the directors of the district have expressed willingness to repay the reimbursable costs in a 50-year period. Costs allocated to flood control, fish and wildlife, and recreation would be nonreimbursable in accordance with law and custom.

In addition to repayment of the reimbursable cost in 50 years, the development is justified in that benefits exceed costs. The benefit-cost ratios for a 100- and 50-year period of analysis are respectively 3.06 to 1.0 and 2.45 to 1.0.

The Bully Creek Extension is needed to further stabilize the returns to local farm and business enterprises and to eliminate the adverse impact on the livestock-type farm economy of the area that results in years of serious water shortages for the 2,990 acres of extension land. Considering the favorable local support, repayment prospects and benefit-cost ratios, it appears that this proposed development would make a good addition to the Vale project and the Federal reclamation program.

COMMITTEE COMMENTS

The committee feels the Bully Creek extension of the Vale project, Oregon, is a worthy undertaking which is fully justified economically and also from an engineering standpoint.

COMMENTS OF EXECUTIVE AGENCIES

The comments of executive agencies on the proposal for the Bully Creek extension, Vale project, are as follows:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., May 21, 1959.

Hon. WAYNE N. ASPINALL,
Chairman, Committee on Interior and Insular Affairs, House of Representatives, Washington, D.C.

DEAR MR. ASPINALL: This responds to your request for the views of this Department on H.R. 968, a bill to provide for the construction by the Secretary of the Interior of the Bully Creek Dam and other facilities, Vale Federal reclamation project, Oregon.

We recommend that the bill be enacted and that it be amended in the manner indicated in this report.

H.R. 968 would authorize the construction of the works of the Bully Creek extension as an addition to the facilities of the existing Vale Federal reclamation project in Malheur County, Oreg. These works

would consist of Bully Creek Dam and Reservoir on Bully Creek, a tributary of the Malheur River; a 2.5-mile-long feeder canal from the existing main canal of the Vale project to the proposed reservoir; and 13 miles of new laterals. The reservoir would have a capacity of 32,000 acre-feet.

A copy of this Department's planning report on the Bully Creek extension of the Vale project, Oregon, approved August 19, 1958, is attached for your information. We request that it be considered as a part of this report on the bill. Attached also are copies of the comments on the planning report that have been received from the States of the Columbia River Basin and interested Federal agencies.

The Vale project is located in the Snake River Basin near the eastern boundary of Oregon. Under the proposed plan of development of the Bully Creek extension, flows from Bully Creek and surplus flows diverted from the Malheur River would be stored in the Bully Creek Reservoir. This would increase the firm irrigation water supply for the Vale project sufficiently to add about 2,990 acres to the 32,000 acres within the project which have water rights.

While a large percentage of these 2,990 acres is irrigated during good water years, existing project storage facilities are inadequate to provide a firm water supply. Historical runoff records indicate serious water shortages probably will occur in the future. Thus, the area economy, which is primarily of a livestock nature, would be improved and strengthened by the additional firm irrigation water supply that the potential development would provide.

Construction of the proposed works should result in increased efficiency of the project irrigation system by reducing the length of the run of the main canal in delivering water to project lands. The existing storage reservoirs are located more than 60 miles from a large part of the irrigated area. Bully Creek Reservoir, which would be relatively close to the project lands, would act as a regulatory structure for the canal system. It would not only permit delivery of water when needed, but it would reduce a certain element of waste now inherent in the system operations.

The Vale area is subject to damage from floodwaters, and Bully Creek has contributed significant quantities to such floodwaters. The Bully Creek Reservoir would help regulate the flows of this stream and, when operated in coordination with the existing Vale project reservoirs, Agency Valley and Warm Springs, it would afford additional flood protection to the area. It is expected that coordinated operation of these structures would be based on a flood forecasting procedure.

The proposed development would result in fish and wildlife and recreation benefits. Under the provisions of the bill all costs allocated to fish and wildlife are considered nonreimbursable. This is consistent with the provisions of the Fish and Wildlife Coordination Act (48 Stat. 401, as amended, 16 U.S.C., sec. 661 et seq.). The bill would provide, also, that the costs of minimum basic recreation facilities would be nonreimbursable and the Secretary would be authorized to arrange for a non-Federal agency to assume responsibility for their administration.

The estimated cost for the proposed works, based on January 1959 prices, is \$3,326,000. This total cost is allocated tentatively as

follows: \$1,700,000 to irrigation, \$1,497,000 to flood control, \$69,000 to fish and wildlife, and \$60,000 to recreation. The last amount is the cost of minimum basic recreation facilities.

The local people have shown a great deal of interest in securing the additional irrigation water and protection from floods which the proposed works would furnish, and they are favorable to a Federal project. Construction of the project is economically justified in that the evaluated annual benefits exceed the estimated costs by a ratio of 2.45 to 1 based on a 50-year period of analysis. For a 100-year period of analysis this ratio would be 3.06 to 1.

Section 1 of the bill would require that an amendatory repayment contract be negotiated with the Vale, Oreg., Irrigation District to provide for repayment of that portion of the cost of the new facilities which would be allocated to irrigation over the same period as the present contract which provides for repayment of the remaining reimbursable cost of the existing facilities. Since it is estimated that the existing construction cost obligation will be repaid in about the year 2020 under the present contract, the water users would thus be allowed a period of approximately 60 years to repay the reimbursable costs of the Bully Creek extension, should H.R. 968 be enacted in its present form.

Subsequent to the making of the financial analysis in our project planning report, the Corps of Engineers completed a revised evaluation of flood control benefits for the Vale project. A new cost allocation based on these revised flood control benefits was prepared which resulted in decreasing the cost allocated to irrigation from \$2,225,000 to \$1,700,000. In view of this reduction in the cost allocated to irrigation and the determination that repayment of \$1,700,000 in 50 years is within the amortization capacity of the water users, we recommend that the bill be amended to require repayment within a 50-year period. This may be accomplished by substituting for the last sentence of section 1, beginning in line 9, page 1, the following:

"Said construction, however, shall not be commenced until the Vale, Oregon, Irrigation District shall have obligated itself to repay such portions of the Federal costs of constructing, operating, and maintaining the facilities herein authorized as the Secretary finds properly allocable to irrigation: *Provided*, That the period provided in subsection (d) of section 9 of the Reclamation Project Act of 1939, as amended, for repayment of the construction costs assigned to be repaid by the irrigators may be extended to fifty years."

We have been informed that a 50-year repayment period is agreeable to the board of directors of the Vale, Oreg., Irrigation District.

In addition, we recommend the adoption of the following amendments:

1. In line 3, page 1, after the word "That", add a comma and the words "for the purposes of providing irrigation water, controlling floods, conserving and improving fish and wildlife, and providing recreational benefits,".

This additional language will indicate the purposes of the proposed undertaking of the Bully Creek extension.

2. After line 17, page 2, add a new subsection to be designated subsection (b) which shall read as follows:

"(b) The Secretary may make such reasonable provision in the works authorized by this Act as he finds to be required for the con-

servation and development of fish and wildlife in accordance with the provisions of the Fish and Wildlife Coordination Act (48 Stat. 401, as amended, 16 U.S.C., sec. 661 et seq.)”.

In addition, designate the subsection beginning in line 18, page 2, as subsection (c), and substitute for the words “preservation and propagation” in lines 20 and 21, page 2, the words “conservation and development”.

These proposed amendments would specifically authorize the making of provision in the works of the Bully Creek extension of facilities to provide fish and wildlife benefits and would conform the language of section 2 to the language of the recently enacted Fish and Wildlife Coordination Act amendments.

3. In line 3, page 3, delete the word “either”; and in lines 5 through 7, page 3, delete the words “or to assume such allocations as an additional repayable and returnable obligation”, and substitute therefor the words “and to return the works to the United States for care, operation, and maintenance in the event of failure to comply with its requirements to achieve such benefits”.

The bill would require the district, before it should assume the care, operation, and maintenance of the works, either to operate them in such manner as to achieve the fish and wildlife, flood control, and recreation benefits for which nonreimbursable allocations of costs would be made or to assume an obligation to repay the amounts of such allocations. We do not believe it would be in the national interest to permit a negation of the benefits for those purposes by a repayment to the Federal Government of the allocated cost thereof, and instead, we propose that the operation of the project be taken over by the United States in the event the district should fail to operate it in a manner which will produce these benefits.

A statement of personnel and other requirements that enactment of H.R. 968 may entail is attached in accordance with the provisions of Public Law 801, 84th Congress.

The Bureau of the Budget has advised that there would be no objection to the submission of this report to your committee.

Sincerely yours,

FRED G. AANDAH, *Assistant Secretary of the Interior.*

Department of the Interior estimated additional man-years of civilian employment and expenditures for the proposed construction of the Bully Creek extension, Vale project, Oregon

	1961	1962	1963	1964
Estimated additional man-years of civilian employment—substantive (program):				
Engineering aids.....	1	1	1	1
Engineers.....	1	2	2	2
Inspectors.....		3	3	3
Other.....	1	1	1	1
Total, estimated additional man-years of civilian employment.....	3	7	7	7
Estimated additional expenditures:				
Personal services.....	\$20,000	\$48,000	\$48,000	\$48,000
All other.....	50,000	702,000	1,452,000	834,000
Total, estimated additional expenditures.....	70,000	750,000	1,500,000	882,000



